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DE RUEHBK #2999/01 2761053
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FM AMEMBASSY BANGKOK
TO RUEHC/SECSTATE WASHDC PRIORITY 4557
INFO RUEHNE/AMEMBASSY NEW DELHI PRIORITY 5281
RUEHCHI/AMCONSUL CHIANG MAI PRIORITY 5678
RHFJUSC/CUSTOMS WASHDC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY
RUEHGV/USMISSION GENEVA PRIORITY 2054
RHMFISS/DEPT OF HOMELAND SECURITY IA WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 002999

SIPDIS

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E.O. 12958: DECL: 10/01/2018
TAGS: [ECON](#) [ETRD](#) [EFIS](#) [TH](#)
SUBJECT: THAI GOVT CONCERNED ABOUT SHRIMP CONTINUOUS BONDS
IN 2009

REF: E-MAIL FULLERTON/BISBEE/KOCH 10/01/08

Classified By: Economic Counselor Robert Griffiths for reasons 1.4 (b)
and (d)

11. (C) Summary: Thailand is concerned over the USG's implementation of the World Trade Organization (WTO) ruling on anti-dumping duties and continuous bonds, Apiradi Tantraporn, Director-General (DG) of the Department of Foreign Trade at the Ministry of Commerce, told Econoff on October 2. DG Apiradi stressed Thai concern that both Thai and American importers of record of Thai shrimp will be required to place new continuous bonds in February 2009, an obligation deemed unreasonable by the WTO, if the USG does not resolve the issue before then. While DG Apiradi agreed that Geneva is the most appropriate forum for this discussion, she complained that the USG has not responded on the particulars of the future use of the continuous bonds in a manner that gives any satisfaction to the Thai side. If this cannot be resolved, Apiradi added, Thailand would have no choice but to return to the WTO to seek arbitration on the matter. End Summary.

12. (C) On October 2, Director-General Apiradi Tantraporn of the Department of Foreign Trade conveyed concerns to Econoff over, in her view, the USG's lack of response on the implementation of the WTO ruling on anti-dumping duties and continuous bonds on shrimp imported from Thailand and India into the United States. DG Apiradi stressed that the Thai Government is most concerned about the uninterrupted use of 100 percent continuous bonds on shrimp imports into the United States; new continuous bond payments for next year's shrimp imports will be due in February 2009. DG Apiradi argued that since the WTO has determined these continuous bonds to be "unreasonable," it is imperative that the USG comply with the ruling before any new bonds may be required. According to the DG Apiradi's staff, the importers of record, including both Thai and American companies, have maintained more than \$70 million in accumulated continuous bonds on shrimp imports since the initial requirement came into effect.

13. (C) Econoff stated that we believe that Geneva is the most appropriate venue for this discussion. DG Apiradi responded that the one-year time frame suggested by the USG in Geneva is "unacceptable." She immediately cited the US-Ecuador shrimp case with similar issues, which was reportedly resolved within six months following the WTO decision. DG Apiradi added that the Thai Government expects comparable treatment and hopes the USG will be able to comply with a six-month time frame. Without additional information from the USG on the implementation of the WTO Appellate Body

ruling, Apiradi noted that Thailand may have no choice but to return to the WTO to seek arbitration.

14. (SBU) Note: Post's understanding is that since 2004 importers of Thai shrimp have been required to maintain a continuous bond to cover future anti-dumping duties. Previously, these importers were required to maintain a minimum bond equal to ten percent of the duties, taxes, and fees paid in the previous year; however, the 2004 requirement forced importers to cover 100 percent of the previous year's anti-dumping duties in advance of the importation of the shrimp. Thailand and India challenged the US at the WTO on both the anti-dumping duties imposed on shrimp imports, as well as the use of continuous bonds. The WTO's Appellate Body found that this additional bond directive breached the WTO's Antidumping Agreement because the 100 percent bonds did not constitute "reasonable" security. End Note.

15. (C) Comment: The United States is the largest export market for Thai shrimp, consuming nearly half of its shrimp exports (\$1.25 billion in 2007). Exports to the US have continued to rise in recent years, even with the implementation of the US anti-dumping duties. While the Thai Government would prefer that anti-dumping duties on its shrimp not be imposed at all, the first priority for the Ministry of Commerce is to resolve what they consider to be the "unreasonable" use of continuous bonds on the shrimp imports. While we have maintained that this issue should be dealt with in Geneva, the Thai seemed determined to use all available channels to make their position known. End Comment.

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